

Before the Idaho Water Resource Board

WATER SUPPLY BANK RENTAL AGREEMENT

The Idaho Water Resource Board ("Board") being authorized to operate a Water Supply Bank ("bank") and to contract by and through the Director of the Idaho Department of Water Resources ("Director") for rental of water from the bank agrees to rent water as follows:

1. Renter: Twin Falls Canal Company
PO Box 326
Twin Falls, ID 83303

North Side Canal Company
921 North Lincoln
Jerome, ID 83338
2. Source of water: Snake River
3. Volume of water rented: 23652.1 af
4. Diversion period: April 10 to August 31, 2004
5. Use of water: Temporary exchange of water with Bureau of Reclamation
6. a) Renter's point of diversion:
Legal description:

b) Renter's place of use:
Legal description:
7. The right from which water will be rented is: See attached list of water rights

The undersigned renter agrees to pay \$ 260173.10 for rental of the above described water and agrees to use the water in compliance with the Water Supply Bank rules and in compliance with the conditions of water use shown below:

Conditions of water use under this agreement:

1. The use of water under this agreement shall be subject to the provisions of Section 42-1766, Idaho Code.

2. Acceptance of a right into the Bank does not confirm the validity of the right or any elements of the right.
3. Upon Department request, the renter shall provide for the measurement of the water diverted in a manner acceptable to the Director and shall report the amount of water diverted at the end of the irrigation season.
4. Use of water under this agreement does not constitute a dedication of the water to renter's land and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
5. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
6. Renter agrees to hold the Board, the Director and the State of Idaho harmless from all liability on account of negligent acts of the renter while using water.
7. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
8. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.

Twin Falls Canal Company


signature and title

General MGR.
date

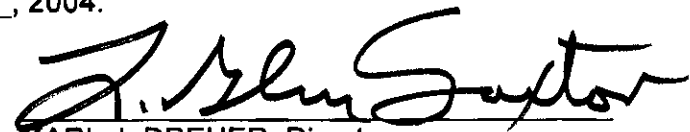
July 30, 2004

North Side Canal Company


signature and title

July 30, 2004
date

Having determined that this agreement satisfies the provisions of Section 42-1763, Idaho Code, and, IDAPA 37.02.03030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and conditions herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board this 2nd day of August, 2004.


for KARL J. DREHER, Director
Department of Water Resources

List of Water Rights to be Rented from the Water Supply Bank

Water Rights		Basin	Seq.	Suffix	Lessor	Source	Priority	Rate (cfs)	Volume ap/raug (af)	Acres	Use	Date in Bank
2	10208				COTTONWOOD MUTUAL CANAL CO	Snake River	2/25/1963	49.16	6635.9	2458.0	Irrigation	3/22/1991
2	10189				ROBERT AND CONNIE SMITH	Snake River	2/25/1963	2.83	379.6	141.5	Irrigation	3/22/1991
2	7065			C	US ECOLOGY IDAHO, INC	Snake River	5/14/1970	4.17	1466.2	404.0	Irrigation	6/12/1992
2	2261			D	GISELA SCHAAL	Snake River	12/19/1963	0.80	161.3	40.0	Irrigation	10/6/1998
2	7237			A	ROBERT AND CONNIE SMITH	Snake River	12/23/1976	5.90	1189.6	295.0	Irrigation	5/18/1999
2	7064				ROBERT AND CONNIE SMITH	Snake River	4/23/1970	6.36	1282.3	318.0	Irrigation	7/9/1999
2	10180				ROBERT DIRKS	Snake River	4/9/1970	1.60	258.1	80.0	Irrigation	7/9/1999
2	10181				ROBERT AND CONNIE SMITH	Snake River	4/9/1970	3.20	516.2	160.0	Irrigation	7/9/1999
2	7061				JOHN T FIELD	Snake River	4/9/1970	6.32	1274.3	316.0	Irrigation	4/12/2001
2	7062				JOHN T FIELD	Snake River	4/9/1970	4.10	826.7	205.0	Irrigation	4/12/2001
2	7157			C	JOHN T FIELD	Snake River	5/24/1974	7.44	1200.1	372.0	Irrigation	4/12/2001
2	2261			A	HILL WAY, INC	Snake River	12/19/1963	4.40	887.2	220.0	Irrigation	3/27/2003
2	2259				HILL WAY, INC	Snake River	12/18/1963	5.14	1036.4	257.0	Irrigation	4/28/2003
2	4				FLOPET INC	Snake River	6/1/1956	0.22	32.3	10.0	Irrigation	8/25/2003
2	7287				FLOPET INC	Snake River	6/1/1956	2.00	403.3	100.0	Irrigation	8/25/2003
2	2357			B	ARTHUR J MERRICK	Snake River	9/10/1964	1.80	362.9	90.0	Irrigation	1/12/2004
2	7046			E	ARTHUR J MERRICK	Snake River	7/30/1969	2.82	443.6	162.0	Irrigation	1/12/2004
2	2240				MARK MCDONOUGH	Snake River	10/25/1963	2.25	0.0	112.5	Irrigation	3/12/2004
2	2431				MARK MCDONOUGH	Snake River	12/5/1958	1.49	453.7	112.5	Irrigation	3/12/2004
2	10209				MARK MCDONOUGH	Snake River	2/25/1963	0.22	29.7	11.0	Irrigation	3/16/2004
2	202			A	TED E CANTRELL	Snake River	6/1/1912	0.24	46.4	13.0	Irrigation	4/12/2004
2	2262				GRINDSTONE BUTTE MUTUAL CANAL CO	Snake River	12/6/1963	16.26	4766.7	1182.1	Irrigation	4/27/2004
									23652.1 total rented			